CALIBER
HOME LOANS

YOUR GUIDE TO HOME OWNERSHIP

ABOUT CALIBER HOME LOANS

Everyone at Caliber Home Loans, Inc. is part of a customer-centric culture that concentrates on you. We all work together to expand your lending options, close loans ahead of schedule, and create innovative new loan solutions.

Unlike many banking institutions, mortgages are our main business. What's in it for you? More loan choices, many with fewer restrictions – and that's just the beginning.

Our digital technology enables us to reduce your paperwork and keep the process simple. For example, we may be able to verify your income, employment and assets electronically after we ask your permission. And our new mobile app for borrowers, **Caliber Home Loans**, makes it easy for you to manage your loan both before and after closing – 24 hours a day from the palm of your hand.

After your loan closes, it will likely transition to Caliber's Servicing division instead of being sold to a different company.* This enables us to provide a smooth transition and to continue our business relationship with you.

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*Caliber Home Loans, Inc. does not retain servicing on all loans originated and cannot guarantee that it will continue to service loans originated for the entire term of the loan.

Faster loan closings. More loan options. And that's just for starters.

We know that homeownership is one of life's biggest financial commitments, and it can be stressful and exciting at the same time. That's why you can rely on me to provide lending solutions that make home ownership affordable while keeping the process simple – the way you want it. We do this with **high-tech solutions that reduce your paperwork, deliver status updates to your mobile phone, and help you finalize your loan in weeks instead of months.**

Since Caliber Home Loans, Inc. is a national dedicated lender, I'm able to provide you with plenty of mortgage and refinance options. They include:

- Conventional/conforming loans
- Jumbo loans up to $3 million
- Government-insured products, including FHA, VA and USDA loans
- Renovation loans that can transform a home from drab to dreamy

Are you unable to provide a down payment or have credit challenges?

I want to say "yes" when other lenders say "no", and Caliber makes this possible by participating in dozens of state- and county-sponsored down payment assistance programs. And if other lenders have turned you down for a loan, **Caliber's Portfolio Loans** may help you qualify with their non-traditional guidelines.

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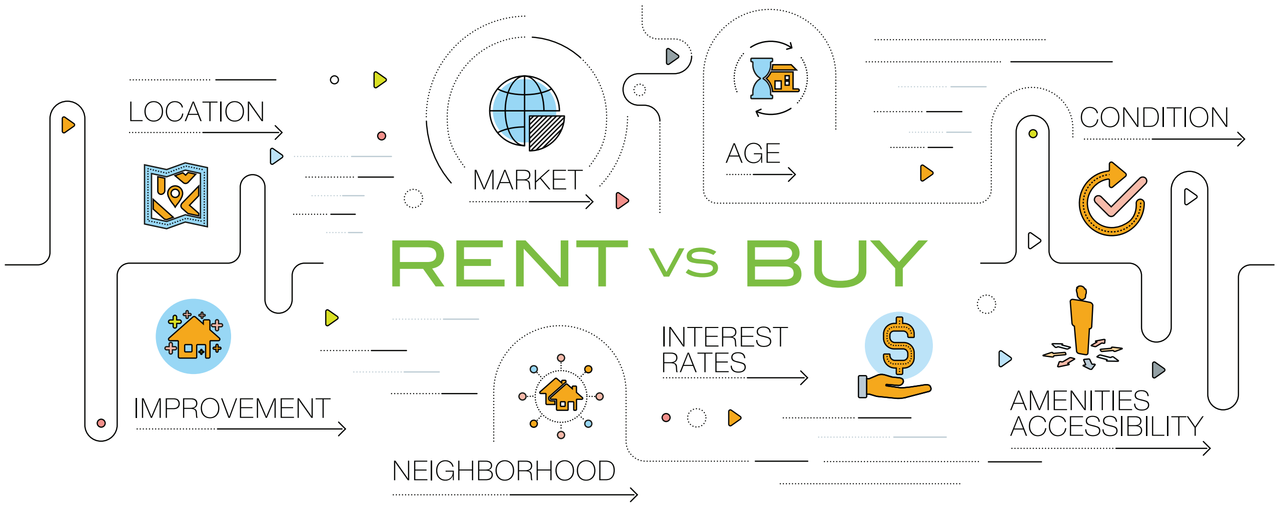
Why it's always a smart time to consider buying a home.



Mortgage interest rates dropped to historic lows in late 2012, and they're still low – which makes it an ideal time to think about buying a home. However, there are plenty of additional reasons to buy a home of your own. Check out the table below:

Home Ownership	Life in a Rental
You'll begin to build equity immediately	Your rent increases your landlord's equity
Your home's value may increase over time	If your rental property's value increases, your rent may increase as well
Stable monthly housing costs*	Rent may increase each year
You may qualify to deduct mortgage interest and real estate taxes on your Federal tax return	You may not take these deductions
Enjoy a stable, permanent environment	Your lease may not be renewed
More privacy, plus the option to add safety features like alarm systems	Landlord may visit your rental when you're not there. Neighbors may be too close for comfort
Personalize your home's décor to reflect your tastes and personality	Must negotiate certain changes with landlord
Keep one or more pets	Your landlord may not permit pets, or charge additional rent and/or deposits

Caliber Home Loans, Inc. is a national lender with a growing inventory of home financing options. They include conventional, FHA, VA, and our own Portfolio loans designed to assist buyers who need non-traditional loan options.

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*Fixed payment amount does not include taxes, mortgage or homeowner's insurance costs which may change your monthly payment over the life of the loan.

Before you begin shopping for a home, let me help with your homework.

A guide to mortgage pre-qualifications and pre-approvals

Even if you're not a first-time home buyer, it's always a good idea to decide what you can afford before you begin viewing prospective homes. There are two ways to do this: by getting a loan **pre-qualification** or **pre-approval** from a mortgage lender.

As your local Caliber Home Loans, Inc. Loan Consultant, I'd like to explain the differences between pre-qualifications and pre-approvals, and why I encourage borrowers to obtain a pre-approval letter before their Realtor® arranges property viewings.

- A **loan pre-qualification** is faster to obtain and provides a ballpark estimate of the amount of loan funds that may be available to you. If you're **wondering about how much loan you'll qualify for**, a pre-qualification is a way to begin.
- A loan **pre-approval** may take a few days to obtain, but it enables you to provide proof to home sellers that you have a conditional loan approval. If you're **ready to commit to a purchase**, a pre-approval letter can help you or your Realtor® negotiate with sellers.

Here are more details about each service:

Loan Pre-Qualification	Loan Pre-Approval
You'll provide me with a verbal estimate of your income, assets and liabilities.	I'll ask you to provide copies of tax returns, W2's, Paystubs and bank statements, or give permission for me to obtain them online.
You'll be asked to estimate your current credit rating.	You'll give permission for me to obtain a credit report.
Your available funds are estimated.	The loan amount your approved for will be included.
Of limited value when negotiating with property owners, Realtors and sellers.	These are generally preferred by sellers, as it tells them you're serious about buying.
May not be sufficient to support a purchase offer to a seller.	A home's seller may require a pre-approval before signing a formal contract.

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Do your credit reports give you all the credit you deserve?

Getting the best rate on your home financing depends on several factors, including your credit score*. Therefore, it's a smart idea to review your credit reports from the three major credit bureaus Experian™, Equifax® and TransUnion®.

Review your credit reports free of charge at AnnualCreditReport.com

Even though you may see other websites that promise free credit reports, only AnnualCreditReport.com is authorized by Federal law. You may request a free copy of your credit report from the three major credit bureaus once every 12 months. To get started:

1. Go to annualcreditreport.com and click on the **Request yours now**!
2. Click on **Request your free credit reports**.
3. Complete the request by providing your name, Social Security number, and current address. If you've been at your current address for less than two years, you'll need to provide your previous address.
4. You'll be taken to a page where you can request your Experian, Equifax and TransUnion reports.
5. You will be required to answer several questions to verify your identity.

Your credit reports – what you'll see

Each report will display your personal information, including past addresses and employers, before your credit accounts are displayed. You may save each report as a PDF if you download them to your computer.

If you see an error in any of your reports, click on the **INITIATE A DISPUTE** link at the top right of each report. If you prefer, you can call or write the credit bureau to report errors.

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*Credit reports do not provide credit scores. These may be offered at annualcreditreport.com. Please note – charges for credit scores may apply.
**Caliber is not a credit counseling agency, credit repair organization, or similar service. We do not assist or advise consumers on how to improve their credit scores.

FICO® Scores, Credit Reporting and Mortgage Lending.

Together with your income and assets, your credit score is an essential part of your loan application. However, credit scoring methods for mortgages are different than for credit cards and other consumer accounts.

FICO® Scores for Mortgage Lending

FICO® stands for Fair Isaac Corporation, the inventor of the analytics software that produces most credit scores. A person has three FICO® scores, one for each of the three major credit bureaus – Equifax®, Experian® and TransUnion®.

Many consumers are led to believe that they only have one FICO® score, but this isn't true. Currently, 55 different FICO® scoring models are in use. Many are industry-specific and not available to the public.* You may be able to find more information about industry-specific scoring models at www.myfico.com.

If you recently purchased your FICO® score online, it may be vastly different than your FICO® score used for mortgage loan qualification. This is because some consumer FICO® scoring models are designed to predict risk for smaller debts than the average mortgage loan.

The Big Five Credit Score Factors

Here's a short description of the five most important factors in a FICO® score, and how each one may affect your overall credit-worthiness.**

1. Payment History

This makes up 35% of your mortgage FICO® score, and is the single most important factor. It is based on your payment history, plus any actions taken by creditors. Payment history factors include:

- A variety of accounts, including credit cards, car loans, mortgages and any second liens (home equity loans and lines of credit).
- Events like bankruptcies, judgments, liens, lawsuits and any unpaid accounts put into collections or transferred to a debt collection firm.
- Details of any late payments. Two general rules apply: the length of time a payment was late, and how long ago the late payment occurred. For example, a 30-day late credit card payment will lower your score less than a 60-day late payment. And a late payment from five years ago is not as damaging to your score as a late payment made two months ago.

* Source: myfico.com, March 2017, http://www.myfico.com/CreditEducation/FICO-Score-Versions.aspx
**Source: myfico.com, March 2017, http://www.myfico.com/credit-education/whats-in-your-credit-score/
Caliber does not provide any credit counseling services. For credit counseling please consult with a professional credit counselor.

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2. Amounts Owed

Around 30% of your credit score falls within this category. Reviewing this can be complex, especially since many consumers carry several credit cards with varying balances, plus an auto or student loan. Generally, your score will be higher if you pay off credit cards and installment loans quickly and avoid "maxing out" your credit cards.

3. Length of Credit History

This category is equal to around 15% of your total credit score. Generally, a longer credit score will increase your score, although borrowers with shorter credit histories can still receive a high FICO® score if they've been carefully managing their credit.

4. New Credit Accounts

Although this category only affects about 10% of a FICO® score, it's best to avoid opening new accounts if you're preparing to apply for a home loan. If you've been doing some interest rate shopping, these should not affect your FICO® score as long as you did not apply for a new account.

5. Types of Credit in Use

This score accounts for the remaining 10% of your score. It looks at the types of credit accounts you've held, and how many of each. Too many accounts can have a negative impact.

* Source: myfico.com, March 2017, http://www.myfico.com/CreditEducation/FICO-Score-Versions.aspx
**Source: myfico.com, March 2017, http://www.myfico.com/credit-education/whats-in-your-credit-score/
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Factors that can affect your home loan's interest rate

Wondering what interest rate you'll be offered after you complete your loan application? This guide can help you end up with a lower interest rate by explaining how your financial and employment history affects it. Your loan's rate will be largely determined by:

SCORE

Your credit score
Higher scores earn lower rates, so be sure to check your credit reports for errors before applying for financing.

The type of property you're buying
Expensive homes may require a Jumbo loan with a slightly higher rate.

Your down payment
Higher down payments lower your loan amount and our risk.

Your debt to income ratio (DTI)
Borrowers with higher levels of monthly debt represent a higher risk to lenders, so it's smart to pay down credit card and personal debt before applying for a mortgage.

The difference between an interest rate and an Annual Percentage Rate (APR)

The Consumer Financial Protection Bureau (CFPB) defines an APR as "costs over your loan term expressed as a rate". An interest rate can be described as the "starting point" of what you'll pay for your home financing as the cost you will pay each year to borrower money. An APR is a broader measure of the cost to you of borrowing money. In general, the APR reflects not only the interest rate, but also any points, mortgage broker fees, and other charges that you pay to get the loan. For that reason, your APR is usually higher than your interest rate.

Rates go up, rates go down. Wondering why?

Your guide to national interest rate indicators

Indicator	Movement Example	Effect on Bond Market	Effect on Interest Rates	Explanation
Consumer Price Index/Producer Price Index	Index is up from previous month	Market moves down	Interest rates move up	When prices of goods increase, this is considered inflationary. This prompts the Fed to raise rates to curb inflation.
Unemployment	Figures are down from previous month	Market moves up	Interest rates move down	High unemployment indicates lack of economic expansion (anti-inflationary). This is positive for the Bond market as the Fed may allow rates to recover.
Retail Sales	Figures are down from the previous month	Market moves up	Interest rates move down	Lower retail sales are an indication of slowing economic growth, so the Fed may lower interest rates.
Gross National Product (GNP)	Index is down from the previous month	Market moves up	Interest rates move down	Lower GNP suggests that economic growth is slow. The Fed allows rates to come down to encourage spending.

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Indicator	Movement Example	Effect on Bond Market	Effect on Interest Rates	Explanation
Housing Starts	New home sales increase from the previous month	Market moves down	Interest rates move up	An increase in housing starts reflect economic growth. Prices and mortgage rates rise because of new housing demand.
Federal Reserve Lowers the Discount Rate	Discount Rate decreases	Market moves up	Interest rates move down	A decrease in the discount rate (the rate at which member banks can borrow from the Fed) decreases most other rates, as this is used by the Fed to help curb inflation.
Money Supply Figures	Figures are up from the previous week	Market moves down	Interest rates move up	Excessive growth in money supply will cause inflationary fears. In response, the Fed may tighten the growth by allowing short-term interest rates to rise.

Your guide to national interest rate indicators

Although it often seems that interest rate movements are erratic at best, these factors described in the table above can be helpful in predicting short-term interest rate movements.

However, you'll need to keep in mind that other factors not mentioned here may also affect rates, such as political and economic events in other countries. For example, when the UK's population voted to leave the European Union – aka Brexit – this affected some market rates.

Let me guide you home

Although nobody knows for sure where interest rates are headed, keep in mind that the ideal home loan will provide more than a favorable interest rate. I have the training and experience to help you make informed decisions about your home loan.

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Gather Your Documents!

ALL BORROWERS:

- W-2's for the previous two years
- Paycheck stubs for the last 30 days (most current)
- Employment history for the last two years—be sure to address any gaps of employment
- Checking and saving account statements for last 2 months, all pages; all non-payroll deposits must be documented — please make a copy of the check before you deposit it
- Most recent 2 months or 1 quarterly statements for 401(k)s, stocks, and other investments, including terms and conditions for withdrawal
- Residency history over the last two years, with name, phone number, address and account number of landlord or mortgage company
- Photo identification (valid Driver's License or Passport) for applicant and co-applicant
- Check or credit card information for appraisal fee

SELF-EMPLOYED BORROWERS ADDITIONAL DOCUMENTS:

- Copies of most recent 2 years business tax returns (with all schedules)
- YTD profit & loss statement and balance sheet
- Copy of business license or CPA contact information
- 1099s or K1 forms
- Signed tax returns from the last 2 years, all pages/schedules

BONUS/COMMISSION/OVERTIME

- Signed tax returns from the last 2 years, all pages/schedules

DOCUMENTS NEEDED FOR VA LOANS:

- Veteran DD214 or Veteran Reservists DD256. Additional items may be requested during the loan underwriting phase if more information is required to guarantee your loan
- Original COE (Certificate of Eligibility) if provided by VA previously

COMMON DOCUMENTS WHICH MAY BE REQUIRED IF APPLICABLE:

- For Refinances: Copy of Note, Deed of Trust or Mortgage, and Homeowner's Insurance information
- Previous Bankruptcy: Copies of Petition and Discharge, including supporting schedules A—K
- Divorce Decree and Property Settlement if applicable
- Relocation Agreement: If relocation move is financed by employer, i.e. buyout agreement plus documentation outlining company paid closing costs benefits
- Documentation supporting moneys received from social security/retirement/disability, i.e. copies of direct deposit bank statements, awards letter
- Rental property: Copies of leases, plus mortgage statement, homeowner's insurance and property tax statements

Here’s some helpful tips when applying for a mortgage

Mortgage Tips

DO

Keep originals of your paystubs, bank statements and other important financial documents for the past six months. If you’ve gone paperless, make a new folder for your computer and keep these documents in the same place.

DON’T

Deposit any cash into your main bank account without first notifying your Loan Consultant. Any deposits that are not automated payroll deposits may require detailed documentation before we can process your loan application.

DO

Provide your Earnest Money Deposit from your personal bank account or another acceptable source of “gift funds”. Your Loan Consultant can tell you all about gift funds, including acceptable sources of funds and how to manage them during a home purchase.

DON’T

Open new credit accounts or loans while Caliber processes your loan application. These include credit cards, auto financing, student loans and other lines of credit. In addition, closing a credit account can temporarily lower your credit score. This is because this reduces amounts of available credit.

DO

Provide your Loan Consultant with all documents related to your current home’s sale. These may include your sales contract, closing statement, and details of your employer’s relocation or buyout program if applicable.

DON’T

Close or open any new bank or investment accounts, or transfer funds between two accounts, before asking your Loan Consultant if this will adversely affect your loan’s processing.

DO

Notify your Loan Consultant if you plan to receive gift funds from family members or others to help you during closing. Gift funds are acceptable with certain loan programs only if certain criteria are met. Cash advances from credit cards are never acceptable sources of closing funds.

DON’T

Make a major purchase while we’re processing your loan application. It doesn’t matter if these are financed, charged or paid for in cash, as all of these may put your loan application at risk. Instead, postpone these purchases until after your loan is closed.

DO

Notify your Loan Consultant if your income changes. Here are some examples: a salary raise, promotion, transfer or change of pay status. An example of a change in pay status is moving from salary to commission.

DON’T

Change your job or employer without consulting your Caliber Loan Consultant. Even if your new job promises to pays more, the move to a new employer may have a negative impact on your loan application.

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Your Mortgage Loan Steps

Steps required for a typical residential mortgage.
Timing and steps vary according to your personal circumstances.

Step 1

- Credit Pre-qualification Review
- Credit Report Ordered
- Income, Assets, Credit Documents Requested & Received.
- Pre-Qualification Provided

Step 2

- Purchase Contract Received
- Submit Loan Application
- Borrower Receives Loan Estimates
- Home Inspection Completed
- Appraisal & Title Ordered

Step 3

- Lock Interest Rate
- Appraisal & Title Work Received
- File Reviewed by Loan Processor
- Loan Package Submitted to Underwriting
- Gather Conditions
- Receive Final Loan Approval
- Borrower Receives Closing Disclosures
- Notify Realtors, Borrowers & Escrow
- Loan Documents Ordered

Step 4

- Loan Documents Prepared & Sent to Escrow
- Loan Documents Signed & Returned
- Loan Funds
- Loan Records

Move in

Congratulations!
You're a homeowner!

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What you need to know about an Escrow Account

Home ownership not only brings joy and a place to create new memories, but also new responsibilities. As a first-time homebuyer, one of the many questions you might have is "How does an escrow account work, and why do I need it?"

What — An escrow account (also known as an "impound account") is a separate account set up by your lender to collect the funds needed to pay property taxes and insurance premiums on your behalf. These amounts are typically paid in a lump sum to your taxing authority and insurance company once or twice a year. With an escrow account, instead of you making a large payment at that time, your lender divides the annual cost into a monthly amount that is collected along with your mortgage payment. Since taxes and insurance premiums often change annually, your lender will collect an additional amount of money each month to cover any temporary shortfall when the premiums are due.

When the tax or insurance bill is due, your lender will make this payment on your behalf from the escrow account funds that were collected each month. Most homeowners appreciate the convenience of an escrow account, as its monthly premiums can be easily incorporated into a monthly budget.

When — An escrow account is necessary for most first-time homebuyers. This is a common requirement when a loan's down payment amount is less than 20% of the home's appraised value. An escrow account may also be a legal requirement for certain types of home loans, or if your home requires flood insurance.

Why — Most lenders charge an additional 0.25 point fee for borrowers who opt out of an escrow account. Having an escrow account ensures that a sufficient reserve has been built up to pay the amounts due for taxes and insurance. Because they realize that making large tax and insurance payments once or twice a year can be a substantial burden on homeowners, lenders are concerned about the additional risks assumed by both homeowner and lender when the homeowner opts out of an escrow account.

Who — Although your lender is collecting the funds to pay the taxes and insurance on your behalf and is obligated to make the payments on time, you are still legally responsible for these payments. For this reason, you should ensure that your lender is aware of any changes to your property tax obligations or insurance premiums so that your escrow account can be effectively managed.

In addition, federal law requires that your lender review your escrow account each year and provide you with a detailed analysis. This helps to ensure that your taxes and insurance premiums are being paid correctly. If required, your monthly escrow payments will be adjusted, based on changes to your taxes and/or insurance premium.

- If your annual escrow statement reflects overpayments made during the year, you will receive a refund for these.
- If your annual escrow statement reflects any shortages, your lender may add an additional payment amount to cover any shortfalls caused by unanticipated increases in the tax or insurance premium amount due.

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Brenda Frank
Loan Consultant
NMLS# 288317 • CO 100014392 • WY 5457
2015 Clubhouse Drive
Suite LL01
Greeley, CO 80634
970-313-5404
brenda.frank@caliberhomeloans.com
caliberhomeloansinc.com/brendafrank